

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

RETAIL ACCESS OPTIMIZATION INITIATIVE, 2011

Docket No. N2011-1

**INSTITUTIONAL RESPONSES OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORIES VP/USPS-1 TO 4**

The United States Postal Service hereby provides institutional responses Boldt to the above-listed interrogatories of the Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. dated August 30, 2011. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno, Jr.
Chief Counsel, Global Business

Kenneth N. Hollies
Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402
September 13, 2011

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORY**

VP/USPS-1.

Section II-D of USPS-T-1 states that the retail network scope should be viewed in context. Please refer to USPS-T-1, p. 10, Table 4, which begins with the year 1900. These questions relate to the U.S. Post Office Department ("POD"), the predecessor of the Postal Service, and its operation of retail facilities ("POD-operated retail facilities").

- a. What was the peak number of POD-operated retail facilities operated at any one time, and in what year was that peak number reached?
- b. What was the number of POD-operated retail facilities on July 1, 1971 when the Postal Reorganization Act became effective?
- c. Between the year when the peak number of POD-operated retail facilities (reported in response to VP/USPS-1a) was reached and Postal Reorganization effective July 1, 1971:
 - i. What is the number of POD-operated retail facilities that were closed in total, and, if available, the minimum and maximum number closed in any single year?
 - ii. Under what circumstances did the POD close POD-operated retail facilities on its own initiative (*i.e.*, without Congressional approval), and what circumstances required authorization by Congress before a POD-operated retail facility could be closed?
- d. Since Postal Reorganization on July 1, 1971, what was the maximum number of Postal Service retail facilities closed in any single year?

RESPONSE:

- (a-b) Detail sufficient for purposes of this proceeding is reflected in Table 4.

42,287 such facilities (Post Offices, stations and branches) were in operation at the end of June 1971.

- (c) Table 4 reflects the approximate total number closed between 1900 and postal reorganization, a figure that seems sufficiently precise for the purposes of this docket. The Postal Service is disinclined to devote its limited resources to researching the precise number, or the minimum and maximum number closed in each year during that period in the absence of a showing of the relevance of such precise numbers to a specific material issue raised by the request in this docket.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORY**

RESPONSE to VP/USPS-1 (continued):

- (d) Post Office closure data through 2006 are reflected in *Information on Post Office Closures, Appeals, and Affected Communities*, Government Accountability Office Briefing Report to the Chairman Subcommittee on the Postal Service Committee on Government Reform and Oversight, House of Representatives. (B-275119, March 1997). It is available at the following link <http://www.gao.gov/archive/1997/gg97038b.pdf>
- For fiscal years 2007 through 2010, the total number of retail facilities (Post Offices, stations and branches) closed each year was 72, 61, 80, and 144, respectively.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORY**

VP/USPS-2.

- a. In what year did the POD begin Rural Free Delivery ("RFD")?
- b. Prior to RFD, when the number of post offices and retail facilities was expanding, were any of the following criteria used to determine establishment (or closure) of a post office?
 - i. Was a post office expected to serve some minimum number of residents?
 - ii. Was there some maximum time or distance for rural residents to travel to the post office in order to pick up their mail?
 - iii. Did the social needs of the community or non-postal considerations motivate post office openings and closings?
 - iv. Were other criteria used?

RESPONSE:

- (a) 1897.
- (b) The Postal Service is disinclined to devote its limited resources to the effort that would be involved in researching the political, social or other criteria that may have been used by the Congress and the Post Office Department in determining where to establish or close post offices before 1897, in the absence of a showing of the relevance of such criteria to a specific material issue raised by the request in this docket.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORY**

VP/USPS-3.

- a. How many Contract Postal Units ("CPUs") does the Postal Service currently have?
- b. What percentage of existing CPUs have annual costs that exceed annual revenues?
- c. What percentage of existing CPUs have annual costs that are
 - (i) between 75 percent and 100 percent of annual revenues, and
 - (ii) between 50 percent and 75 percent of annual revenues?
- d. For all CPUs, what percentage of annual revenues are annual costs?

RESPONSE:

- a. 3,584
- b. 12.5 percent.
- c.
 - i. 3.6 percent.
 - ii. 4.1 percent.
- d. 13 percent.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO VALPAK INTERROGATORY**

VP/USPS-4.

Canada Post and a number of European postal administrations are known (i) to have closed a far higher percentage of their brick-and-mortar retail facilities than the Postal Service is proposing with its RAO initiative, and (ii) to have relied extensively on various forms of alternative access in lieu of the brick-and-mortar retail facilities that formerly were operated by each respective postal administration before closure.

- a. To the extent that the Postal Service is aware, please indicate which postal administrations are thought to have closed the highest percentage of their pre-existing brick-and-mortar facilities?
- b. For those postal administrations identified in response to preceding part a, and to the extent that the Postal Service is aware, please discuss problems that any of those postal administrations have encountered as a result of closing a large percentage of their brick and- mortar facilities and instead relying on alternate access for retail transactions.
- c. To the extent that the Postal Service is aware, please state whether any of those postal administrations that have closed a high percentage of their brick-and-mortar facilities are known to have reversed course and begun either replacing or supplementing alternative access with additional newly-opened postal administration operated facilities.

RESPONSE:

- a-c. For information on foreign postal administration retail changes, please review *Foreign Posts' Strategies Could Inform U.S. Postal Service's Efforts to Modernize*, Government Accountability Office Report to the Ranking Member, Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy, Committee on Oversight and Government Reform, House of Representatives (GAO-11-282: February 2011). It is available at the following link -- <http://www.gao.gov/new.items/d11282.pdf>
- .